

Top Secret 219

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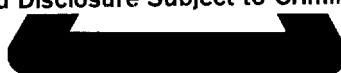
NATIONAL INTELLIGENCE DAILY CABLE

Saturday 17 June 1978 CG NIDC 78/141C



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National Intelligence Daily Cable for Saturday, 17 June 1978.

The NID Cable is for the purpose of informing senior US officials.

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GUINEA-USSR: Repairing Relations

25X1 [REDACTED] //The Soviet Union has offered Guinea new military aid in an attempt to stem Moscow's eroding influence with President Toure. Its offers have not overcome Guinea's desire to diversify its sources of military and economic aid. Lacking alternatives, however, Guinea will probably retain--albeit reluctantly--the USSR as its principal military supplier.//

25X1 [REDACTED]

25X1 [REDACTED] //Toure's adoption over the past year of a more pragmatic and nonaligned policy has strained the ideological kinship he professes for the USSR and the Communist world. Despite Soviet efforts to use the military relationship to regain lost influence, Toure is still suspicious of Moscow's intentions and wants to loosen the bonds gradually--but without losing too many benefits or provoking a rupture. He is still irritated by Moscow's failure to provide more development aid and to fulfill promises to equip, train, and resupply Guinea's armed forces.//

25X1 [REDACTED] //As a result, Toure now looks to the West for greater assistance and particularly for economic aid. The Soviets probably recognize that if Guinea is disappointed by the Western response, they could be in a position to regain some lost ground.//

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[REDACTED] //For now, however, the Soviets still seem on the defensive. Guinea's year-old ban on the use of Conakry for deployment of Soviet TU-95 naval reconnaissance aircraft still stands. Lower level Guinean officials have hinted to US Embassy officers that the Soviet naval presence off Conakry might "wither away" if Toure develops his nonalignment further and particularly if the West became an alternative supplier of arms.//

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[REDACTED] //The USSR has maintained a small naval patrol off Conakry since 1970 in response to Toure's request for protection against possible raids by Guinean exiles. This threat has diminished now that Guinea has reconciled its differences with Senegal and Ivory Coast, both of which harbor thousands of Guinean exiles. [REDACTED]

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PERU: Assembly Election Tomorrow

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[REDACTED] *Tomorrow's constituent assembly election in Peru--the first national election in 15 years--will be a major step toward the return of civilian rule, now scheduled for 1980. There is growing sentiment in the country for speeding up the transition process, and should the assembly finish drafting a new constitution ahead of schedule, a presidential election could be held early next year. The transition timetable probably will be largely determined by Peru's continuing economic plight.*

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[REDACTED] The election shapes up as a close contest for a plurality between two of Peru's three major centrist parties; the third decided in March not to participate. Victor Haya de la Torre's American Popular Revolutionary Alliance and Luis Bedoya's Popular Christian Party are expected to divide 60 to 80 percent of the vote, with a smattering of leftist parties and others gaining 10 to 30 percent. A considerable number of blank or invalid ballots could be cast because of complexities in the voting procedure.

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[REDACTED] Plans for post-election cooperation in the assembly are already well advanced. Regardless of which party wins a plurality, the octogenarian Haya de la Torre will apparently be selected assembly president. The two parties expect little

trouble overriding leftist assemblymen on constitutional questions. They believe that even extreme left-wing candidates--who were recently exiled for provoking popular unrest but will be allowed to take their seats if elected--can be easily isolated.

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[] In addition to drafting the new constitution--which may take little more than five or six months--the assembly will provide an important link between the military government and the political parties to smooth the way for the eventual transition. The military is said to be increasingly weary of governing and could call presidential and legislative elections early next year.

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[] This could permit a civilian government to be installed next summer, but both the military and civilian political leaders are reluctant to effect the transition until the economy is stabilized. Much, therefore, depends on the military government's handling of the economic crisis.

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[] Peru's need for loans to meet debt service obligations is critical, but the International Monetary Fund and private banks have adopted a wait-and-see attitude following the imposition of a severe austerity program in May. This has forced the central bank to conclude an \$85 million swap arrangement with its counterparts in Venezuela, Brazil, Spain, Mexico, and Argentina.

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[] The swap arrangement will help temporarily, but Peru intends to refinance over \$6 billion in medium- and long-term public and private sector debt. Without refinancing, annual payments for the next three years on public debt alone would exceed 50 percent of the value of Peru's exports.

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[] For President Morales Bermudez' democratization plan to succeed, the government will have to contain social unrest among a populace already financially hard-pressed by successive austerity programs. The new civilian economic team appointed in May will also have to provide imaginative solutions for the country's economic malaise, including restimulating the beleaguered private sector. []

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IRAN: Upsurge in Religious Dissidence

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[redacted] //The Shah of Iran probably will soon face another round of the violent demonstrations that have left an estimated 50 to 60 persons dead since early January. Next Monday marks the end of the traditional 40-day Muslim mourning period for the victims of the flareup that began on 9 May and tied down security forces and troops for more than a week. The Shah's threat last month to crack down on any further disorders is thus likely to be tested in the next few days.//

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[redacted] //The spate of serious clashes staged by conservative Muslim demonstrators over the past four months--each marking a 40th day commemoration--has increased concern that the Muslim opposition, dormant since the mid-1960s, may be developing into a long-term security problem for the Shah. The Shah, addressing a group of academics last week, frankly predicted a year or two of unrest--a price he said the government must pay for its policy of political liberalization.//

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[redacted] //The potential for trouble is not limited to the large conservative Muslim community. Moderate to left-wing critics of the government, who are united with dissident Muslim clergymen only in their opposition to the Shah, may encourage their followers to swell the ranks of conservative religious demonstrators.//

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[redacted] //Spokesmen for the moderate political opposition have expressed sympathy for Muslim militants killed in recent disturbances and have applauded the demand of Muslim leaders for a more representative form of government. This suggests that the moderate left may formalize an alliance of convenience with the extremist Muslim right, which could be a dangerous development for the regime.//

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[redacted] //The politicized clergy, who oppose the Shah on religious grounds, have been able to exploit other popular grievances--inflation, poor housing, and the inadequate distribution of basic commodities--that are chronic problems in urban working class areas. Militant students, a perennial headache for the Shah, added their weight to religious demonstrations this year and are likely to be involved in future flareups.//

25X1 [] //The terrorists may believe that the violence has created a favorable political climate for terrorist actions against government officials and US nationals. The US community numbers about 37,000 and presents a virtually indefensible target to the terrorists. The assassination of US nationals would serve the terrorists' principal objective of focusing domestic and international attention on opposition to the Shah.//

25X1 [] //The civil disorders this year have exposed some glaring deficiencies in the ability of the police to contain mob violence. On one occasion, the police panicked and fired into a crowd of demonstrators, killing 12. During another demonstration, the police abandoned their posts, forcing the government to call in the army to restore order. Police units nationwide have been severely taxed since the first incidents in January, thus impairing their effectiveness in dealing with future outbreaks.//

25X1 [] //The government may again call upon the army to support the police. Designated units have been placed on standby for possible riot-control duty. Even though many enlisted men sympathize with the conservative Muslims, calling into question their effectiveness in quelling prolonged Muslim-instigated disturbances, troops have been used effectively in dealing with past disturbances of limited scope and duration.//

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25X1 [] //The Shah recognizes the need to build better relations between the Court and the religious community. His highly publicized pilgrimage to an important Shia Muslim shrine in late May and the removal last week of SAVAK chief General Nasiri, known as a hard-liner in dealing with dissidents, were intended to placate the religious opposition.//

25X1 [] //Emissaries of the Shah are in contact with religious leaders, and they may reach some understanding on the need to curb further violence. There are, however, many obstacles in the way of a durable political compromise between the

Shah and his conservative Muslim opponents, who believe that reforms instituted by the Shah and his father threaten the future of Islam in Iran. The Shah is gambling that his program of modernization has enough political support to allow him to take stern measures, if necessary, against the conservative Muslims. [REDACTED]

NAMIBIA: Plans for Voter Registration

[REDACTED] South Africa yesterday announced plans for voter registration for an election in Namibia but it did not issue a timetable for beginning the process.

[REDACTED] The proclamation issued yesterday by the South African Administrator General for Namibia sets forth detailed provisions for registering voters. South African Foreign Minister Botha has indicated that the registration will be held off for a limited period in order to give the five Western sponsors of the settlement proposals time to conclude their negotiations. The Western five have stated that, in their view, the voter registration would be invalid if not carried out according to the Western proposals.

[REDACTED] Although the South Africans may consider their announcement innocuous, the South-West Africa People's Organization is bound to interpret it as a South African attempt to sabotage the negotiating process and proceed with the implementation of an internal settlement. [REDACTED]

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